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Among the food industries, Shanghai's flour mills, as we have seen above in Chapter Nine, depended more heavily on foreign wheat imports than on what they drew from China. The six plants in Shanghai in the 1930's producing dried, powdered, or frozen eggs were all foreign-owned and all large-scale, employing an average of about 350 workers per plant.[15] The area from which they drew their eggs has already been outlined in Chapter Nine. While local sources were important in this industry, they did not fill the entire demand, and it was necessary to bring eggs from as far as Hankow. Shantung was also a large egg-producing center, but the factory production of preserved eggs in Tsinan and Tsingtao combined was less than a third of Shanghai's.[16] It is reasonable to suppose that a measure of this difference was accounted for by the water transport network feeding Shanghai and the lack of it in Shantung.

Of all the food industries in Shanghai, tobacco manufacturing was most notably divorced from major sources of supply. The cigarette industry in China had been started on a large scale by the American Tobacco Company in the late 1890's (it merged with British interests in 1902 to form the British-American Tobacco Company, the largest producer of tobacco products in China). During the first decade of the twentieth century, its foreign tobacco experts surveyed soil and climatic conditions in China and fixed on three main areas where American tobacco seed would grow best so that its leaf could be blended with the native Chinese leaf (which was produced in small quantities in most parts of central and north China but with the best quality leaf coming from the three areas selected by the foreign experts) to produce an inexpensive but good quality smoke. The three areas were located in south central Shantung, northwestern Anhwei, and central Honan. Large Chinese cigarette producers entered the field after 1905, drawing on the increasing domestic production of foreign-type leaf and blending it with Chinese leaf.[17]

In spite of the presence of large industrial centers (by Chinese standards) in or near these main producing areas (Kaifeng and Hankow for Honan, Kiukiang, Wuhu, and Nanking for Anhwei, Tsingtao and Tsinan for Shantung), approximately 60 per cent of

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all the factory-made cigarettes in China were produced in Shanghai from 1925 to 1935.[18] The Shanghai cigarette factories drew about half of their tobacco from Shantung, 20 per cent from Anhwei, and 20 per cent from Honan.[19] The remaining 10 per cent was imported, mainly from the United States, but the amount imported continued to decline as domestic production of foreign-style leaf increased, and by 1935 it was about half what it had been in 1925, the overall average for the period 1925–1935 being 10 per cent. The magnetism of the Shanghai market gave it a commanding position in spite of its distance from the leaf-producing areas.

Shanghai industries using large amounts of metal, and the rubber goods industry, were the farthest removed from their sources of raw materials. Virtually all of the steel, ferro-alloys, and non-ferrous metals (with the exceptions of antimony and tungsten) were imported. Until the recent subsidized development program of the Communist Government, large-scale modern production had not been profitable in China proper for either iron or steel, with the exception of three plants which produced mainly from local scrap and which served a local market.[20] These three plants were in Shanghai, and were therefore by definition market-oriented. Two plants in Pootung were established in 1918. One produced steel from local scrap in two open-hearth furnaces of 30 and 70 tons capacity respectively, and the other probably produced no steel (since its "blast furnaces" were of only 12 and 33 tons capacity respectively), but poured iron castings.[21] Both plants worked only sporadically until 1934, when they were shut down. They were reopened by the Japanese in 1938, presumably on a military, and therefore a non-paying basis.[22] (Iron and steel were made for a few years during the war in Chungking, but on a small and uneconomic basis.)

The third plant was the steel-casting unit of the Kiangnan Arsenal, which operated two 15-ton electric furnaces to produce regular plate, high-speed, and armour steel for its shipyards and munitions works, using entirely local scrap. It was dismantled in 1932.[23] Other engineering and metal-working plants in Shanghai had small iron- and steel-casting furnaces of a few tons' capacity, but such small furnaces are necessary in any modern industrial complex for re-working scrap. They do not add to existing stocks.